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FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

TOM PUTMAN  
R&ROG

OCT 22 2004

OFFICE OF  
MANAGING DIRECTOR

Philip L. Verveer, Counsel  
Willkie Farr & Gallagher LLP  
1875 K Street, N.W.  
Washington, D.C. 20006

Re: Request for waiver of Fiscal Year (FY) 2004  
Regulatory Fees for Loral SpaceCom Corporation  
(Debtor-in Possession), Loral Orion, Inc. (Debtor-In  
Possession), and Loral Skynet Network Services,  
Inc. (Debtor-In Possession)  
Control No. 00000RROG-04-069

Dear Mr. Verveer:

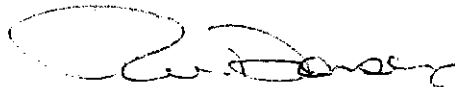
This letter responds to your request dated August 12, 2004 for waiver and deferral of fiscal year (FY) 2004 regulatory fees filed on behalf of Loral SpaceCom Corporation (Debtor-in Possession), Loral Orion, Inc. (Debtor-In Possession), and Loral Skynet Network Services, Inc. (Debtor-In Possession) (collectively, the Debtors). In your petition, you state that on July 15, 2003, each of the Debtors filed voluntary petitions pursuant to Chapter 11 in the United States Bankruptcy Court for the Southern District of New York. As evidence, you have submitted copies of Notice of Bankruptcy Case Filings for each of the Debtors. Due to the compelling financial hardship resulting from the Debtor's chapter 11 cases, you have requested a waiver of the cumulative total of \$291,657.56 in regulatory fees due for FY 2004. You also request a deferral of payment of the applicable FY 2004 regulatory fees pending action on your waiver request, or if the waiver request is denied, for at least an additional six months past the August 19, 2004 due date.

The Commission will grant waivers of its regulatory fees on a sufficient showing of financial hardship, and evidence of bankruptcy or receivership is sufficient to establish financial hardship. *See Implementation of Section 9 of the Communications Act*, 10 FCC Rcd, 12,759, 12761-62 (1995) (waivers granted for licensees whose stations are bankrupt, undergoing Chapter 11 reorganization, or in receivership). You have submitted evidence establishing that Loral SpaceCom Corporation (Debtor-in Possession), Loral Orion, Inc. (Debtor-In Possession), and Loral Skynet Network Services, Inc. (Debtor-In Possession) each began Chapter 11 proceedings on July 15, 2003. Therefore we grant a waiver of the FY 2004 regulatory fees for the total amount of \$291,657.56 for Loral SpaceCom Corporation (Debtor-in Possession), Loral Orion, Inc. (Debtor-In Possession), and Loral

Skynet Network Services, Inc. (Debtor-In Possession). As such, we need not address your request for deferral of payment.

If you have any questions concerning this letter, please contact the Revenue and Receivable Operations Group at (202) 418-1995.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Reger", written over a horizontal line.

Mark A. Reger  
Chief Financial Officer

00000 RROG-04-069

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RECEIVED FCC

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FEDERAL COMMUNICATIONS  
CENTER

AUG 12 2004

Federal Communication Commission  
Bureau/Office

**Federal Communications Commission  
Office of the Managing Director  
445 12<sup>th</sup> Street, S.W.  
Room 1-A625  
Washington, DC 20554  
Attn: Regulatory Fee Waiver/Reduction  
Request**

AUG 16 2004

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS  
COMMISSION

In re:

Loral SpaceCom Corporation  
(Debtor-In Possession)  
Loral Orion, Inc.  
(Debtor-In Possession)  
Loral Skynet Network Services, Inc.  
(Debtor-In Possession)

Request for Waiver and Petition  
for Deferral of FY 2004 Regulatory  
Fees

To: Managing Director

**REQUEST FOR WAIVER AND PETITION FOR DEFERRAL OF FY 2004  
REGULATORY FEES**

Pursuant to Section 1.1166 of the Commission's rules, 47 C.F.R. §1.1166, Loral SpaceCom Corporation, Loral Orion, Inc., and Loral Skynet Network Services, Inc., each a debtor and debtor in possession (collectively "the Debtors"), request a waiver of their FY 2004 regulatory fees. The Debtors are the licensees of various satellite and earth station FCC licenses.<sup>1</sup> They are engaged in the satellite services business. On July 15, 2003, each of the Debtors commenced with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").<sup>2</sup> The Debtors

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<sup>1</sup> Attachment A contains a complete list of FCC feeable licenses, by licensee.

<sup>2</sup> The Debtors' Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure under the caption of In re Loral Space & Communications Ltd., et al. (Chapter 11 Case No. 03-41710 (RDD)). Notice of Bankruptcy Case Filings for each entity are provided in Attachment B.

are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Due to compelling financial hardship that continues as a result of the Debtors' chapter 11 cases, the Debtors respectfully request a waiver of the \$291,657.56 in regulatory fees due for FY 2004. The Debtors also request that they be allowed to defer payment of the applicable FY 2004 regulatory fees, pending action on the instant waiver request and consistent with the Bankruptcy Code, or, if the waiver request is denied, for at least an additional six (6) months past the August 19, 2004 due date.<sup>3</sup> This request is supported by the facts and law discussed below and the documentation contained in Attachment B.

The FCC has clearly stated that "[e]vidence of bankruptcy or receivership is sufficient to establish financial hardship" in the context of a request for waiver of the Commission's regulatory fees.<sup>4</sup> As a result of the Debtors' bankruptcy, the Debtors require all available cash to continue providing service to their customers.

In its Report and Order adopting FY 2003 regulatory fees, the Commission reiterated that bankruptcy would warrant a waiver of regulatory fees.<sup>5</sup> It also adopted a cap of \$500,000 on waiver requests.<sup>6</sup> The FCC has clearly stated that the public

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<sup>3</sup> 47 C.F.R. § 1.1166(b). Payment Methods and Procedures For Fiscal Year 2004 Regulatory Fees, Public Notice, DA 04-2215 (rel. July 21, 2004).

<sup>4</sup> See In re Assessment and Collection of Regulatory Fees for Fiscal Year 2003, Notice of Proposed Rulemaking, 18 FCC Rcd. 6085 at ¶ 10 (2003) (citing In re Implementation of Section 9 of the Communications Act Assessment and Collection of Regulatory Fees for the 1994 Fiscal Year, Memorandum Opinion and Order, 10 FCC Rcd. 12759 at ¶ 14 (1995)).

<sup>5</sup> In re Assessment and Collection of Regulatory Fees for Fiscal Year 2003, Report and Order, 18 FCC Rcd. 15985 at ¶ 13 (2003).

<sup>6</sup> Id. at ¶ 14.

interest will be served by assisting financially distressed companies by granting them relief from regulatory fees.<sup>7</sup> Indeed, the Commission granted, in part, Loral's request for a waiver and deferral of its FY 2003 regulatory fees as well as other requests similar to the one filed by the Debtors.<sup>8</sup>

The Debtors have been working closely with their creditors to emerge from their bankruptcy proceedings in a timely manner. To achieve this result and to continue operation of their businesses, the Debtors have worked to restructure their current capital structure. For example, immediately subsequent to the commencement of the Debtors' chapter 11 cases, certain of the Debtors executed an asset purchase agreement with Intelsat Ltd. and Intelsat (Bermuda) Ltd. for the sale of five (5) satellites and certain related assets. On February 11, 2004, the Commission consented to the assignment to Intelsat of certain space station authorizations and applications held by the relevant Debtors and the transaction was completed on March 17, 2004.<sup>9</sup> The relevant Debtors used the sale proceeds from the transaction to repay their prepetition secured creditors and have commenced the negotiation process with their remaining

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<sup>7</sup> Id. at ¶ 13.

<sup>8</sup> See Letter to Philip L. Verveer and Jennifer D. McCarthy, Willkie Farr & Gallagher LLP from Mark A Reger, Chief Financial Officer, Federal Communications Commission, Loral SpaceCom Corporation (Debtor-in-Possession), Loral Satellite, Inc. (Debtor-in-Possession), Loral Orion, Inc. (Debtor-in-Possession), Loral Skynet Network Services, Inc. (Debtor-in-Possession), Request for Waiver and Deferral of Fy 2003 Annual Regulatory Fees, Fee Control No. 00000RROG-03-114 (June 7, 2004); see also Letter to Stephen R. Bell and Sophie Keefer, Willkie Farr & Gallagher from Mark A Reger, Chief Financial Officer, Federal Communications Commission, 360atlantic (USA) inc. Request for Waiver and Deferral of Regulatory Fees Fee Control No. 00000RROG-02-110 (January 31, 2003).

<sup>9</sup> In the Matter of Loral Satellite, Inc. (Debtor-in-Possession) and Loral SpaceCom Corporation (Debtor-in-Possession), Assignors and Intelsat North America, LLC, Assignee: Applications for Consent to Assignments of Space Station Authorizations and Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended, Order and Authorization, 19 FCC Rcd 2404 (2004).

creditors to formulate a plan of reorganization. Meanwhile, all cash is needed for operations to continue service to customers.

Compelling the Debtors to pay their FY 2004 regulatory fees would result in a significant financial hardship that would hinder the Debtors' restructuring efforts. Grant of the instant waiver and deferral request, however, would allow the Debtors to (i) continue their rehabilitation process; (ii) reorganize their business operations; (iii) remain a competitor in the satellite services market; and (iv) formulate, confirm and implement a plan of reorganization. Reorganization will also help preserve and revitalize Loral Skynet, a division of Debtor Loral SpaceCom Corporation and a leading international satellite communications services provider, and Space Systems/Loral, Inc., a world-class leader in the design and manufacture of satellites and satellite systems for commercial and government applications, and benefit U.S. satellite manufacturing competition. As such, waiver and deferral of the fees will promote the public interest by allowing the Debtors to conserve their limited financial resources and continue to provide service to their customers as well as protecting the interests of the Debtors' estates and creditors.<sup>10</sup>

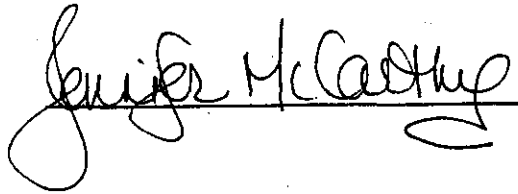
Accordingly, the Debtors respectfully request a waiver of the \$291,657.56 in regulatory fees that would be owed for FY 2004. The Debtors also request that the Commission defer payment of these fees or any fees owed above the waiver granted, consistent with the Bankruptcy Code and the disposition of the Bankruptcy Court or, if the waiver request is denied, for at least an additional six (6) months past the August

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<sup>10</sup> See e.g., Letter to Shirley S. Fujimoto, McDermott, Will & Emery from Mark A Reger, Chief Financial Officer, Federal Communications Commission, Petition for Waiver of Filing Fees, Fee Control No. 0201168994515001 (March 25, 2002).

19, 2004 due date. This waiver request does not include the fees or forms which the Debtors would otherwise be required to submit.<sup>11</sup>

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Jennifer McCarthy", written over a horizontal line.

Philip L. Verveer  
Jennifer D. McCarthy  
Kasey A. Chappelle

Willkie Farr & Gallagher LLP  
1875 K Street, N.W.  
Washington, D.C. 20006  
(202) 303-1000

Counsel for the Debtors

August 12, 2004

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<sup>11</sup> 47 C.F.R. § 1.1166(c).